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July 16, 2004

Michelle Carey, Division Chief
Wireline Competition Bureau
Competition Policy Division
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

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Federal Communications Commission
Office of the Secretary

01-338

Dear Ms. Carey:

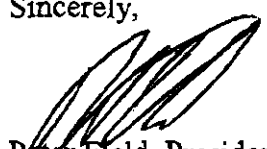
We want to thank you, Tom Navin, Jeremy Miller, Russ Hanser, Marcus Maher and Ian Dillner for taking the time to meet with us while we were in Washington, D.C. last week. We also want to thank Tiffany Jamison for her help in scheduling the meeting.

As you know, USA TELEPHONE is concerned about recent federal court decisions affecting Unbundled Network Elements Platform (UNE-P) rates and we appreciated having the opportunity to discuss how the current situation may impact our company and the customers we serve. We are very interested in participating in the Notice of Proposed Rulemaking on the upcoming interim rules and want to pursue the possibility of a carve out in the rules that would allow small competitive local exchange carriers (CLECs) to continue to gain access to unbundled network elements (UNEs) at reasonable prices for purposes of serving residential rural and small business customers. We appreciate having the suggestions and help of you and your staff on this issue and will follow up with your staff in more detail.

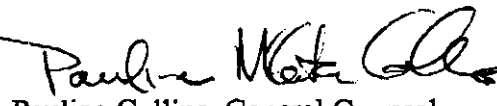
We are also meeting with the Commissioners of the Maine Public Utilities Commission (MPUC) to discuss what options may be available at the state level.

Again, thank you for taking the time to meet with us. We look forward to working with you to see if we can find a way to ensure that rural residential customers and small businesses continue to have access to competitive choices in their local telephone service.

Sincerely,



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